

## Daily Economic News Summary: 28 May 2019

### **1. Oyo enters into a strategic partnership with China's Ctrip**

**Source: Money Control ([Link](#))**

China's leading online travel agency (OTA) Ctrip has entered into a strategic agreement with Softbank-backed Oyo, to collaborate and generate demand by providing access to customers of both brands in China. The move follows after Ctrip acquired Naspers' stake in MakeMyTrip. "Our multi-brand strategy enables us to meet the needs of every type of traveller and this partnership with Ctrip gives us an opportunity to extend our offerings to millions of discerning Chinese travellers looking for standardised, quality offerings," said Sam Shih, COO at Oyo China.

### **2. Modi government's 2nd term: Where to invest in stock market now?**

**Source: The Economic Times ([Link](#))**

The return of Narendra Modi as Prime Minister has pumped adrenaline into the stock market. As it became clear on Thursday that the BJP will get a clear majority, the benchmark indices created history - the Sensex crossed the 40,000 mark and Nifty rose above 12,000. Though both indices retraced from those levels due to profit booking, the formation of a stable government at the Centre is seen as good news. The markets prefer a strong, stable regime without the crutches of coalition because it ensures continuity in economic policies. "Investors now have political stability and predictability of economic policies, which they normally look forward to before investing with a long-term time horizon," says Dhiraj Relli, MD & CEO, HDFC Securities.

### **3. Artificial Intelligence to double innovation rate in India by 2021: Study**

**Source: The Economic Times ([Link](#))**

Artificial Intelligence (AI) is expected to more than double the rate of innovation and employee productivity in India by 2021, said a new Microsoft-IDC study on 27 May. While only one-third of organisations in India have embarked on their AI journeys, those companies that have adopted this technology expect it to increase their competitiveness by 2.3 times in 2021, said the study that surveyed 200 business leaders and 202 workers in the country. "Economies and businesses that have yet to embark on their AI journey run a real risk of missing out on the competitive

benefits that are enjoyed by leaders," said Rohini Srivathsa, National Technology Officer, Microsoft India.

#### **4. Bengaluru, Gurugram among top 5 places for tech firms**

**Source: Deccan Herald ([Link](#))**

Bengaluru and Gurugram are among the top 5 preferred destinations in the Asia Pacific to set up offices by technology companies because of better business conditions as well as the availability of engineers and real estate for growth, according to a report. The report by property consultant CBRE said technology companies continue to fuel office demand in the APAC region, despite the absence of any principal city or cluster of the same status as Silicon Valley. Technology sector accounted for 23 per cent of total leasing activity in 2018. The study has ranked 15 cities of Asia Pacific in three categories based on their performance with regard to business conditions, innovation environment, and cost and availability.

#### **5. Day after Narendra Modi's big victory, foreign funds bought Indian bonds**

**Source: Livemint ([Link](#))**

Global investors piled a net \$216.3 million into Indian bonds, the day after Prime Minister Narendra Modi's sweeping election victory. The second-biggest daily inflow in two months turned foreign funds into net buyers of rupee-denominated notes for May, signaling the debt's appeal may be rising as wagers grow that the Reserve Bank of India will soon add to its two interest-rate cuts this year. Modi's re-election put to rest any uncertainty about a diverse group of political parties coming to power at a time when growth is already slowing. The benchmark 10-year yield slipped as much as seven basis points to reach 7.16% on Monday, the lowest since April 2018, with traders citing overseas demand as a reason for the rally in bonds.

#### **6. Govt proposes WTO-compliant schemes to boost Make in India**

**Source: Livemint ([Link](#))**

The commerce ministry under outgoing trade minister Suresh Prabhu has come up with a World Trade Organization (WTO)-compliant export promotion scheme along with a production based support scheme to boost Make In India as part of its 100-day action plan ahead of prime minister-designate Narendra Modi's swearing in ceremony on 30 May. The new export promotion scheme may replace the existing Merchandise Export from India Scheme (MEIS) as the US has challenged India's existing export subsidy schemes at the WTO on the grounds of its incompatibility with multilateral rules. "The new scheme will be on the nature of refund of all

un-rebated central and state taxes and levies scheme on inputs consumed in exports in all sectors," a commerce ministry official said on condition of anonymity.

### **7. 100-day agenda: DPIIT proposes incentive package to woo investments**

**Source: Financial Express ([Link](#))**

The commerce and industry ministry has proposed a customised incentive package to attract foreign investments in sectors such as electronics, chemicals and food processing, an official said. The proposal is part of a 100-day action plan prepared by the Department for Promotion of Industry and Internal Trade (DPIIT), an arm of the ministry, for the new government. According to the plan, India can attract USD 100 billion of foreign direct investment annually, provided it matches up to the financial incentives of competing countries like Vietnam. The Southeast Asian nation provides a host of incentives to foreign investors such a low rate of corporate income tax and tax exemptions up to four years.

### **8. Piyush Goyal may become full-time Finance Minister, Arun Jaitley ‘Minister Without Portfolio’: Report**

**Source: Financial Express ([Link](#))**

Narendra Modi will be sworn-in as the Prime Minister of India for the second term on May 30 at the Rashtrapati Bhavan by President Ram Nath Kovind in the presence of leaders of BIMSTEC nations. Besides Modi, a host of NDA leaders will also be administered the oath of the office and secrecy by the President. With this, the process of forming a new Cabinet will begin which is set to witness a significant makeover. Given the huge mandate Narendra Modi led alliance has received in the Lok Sabha elections, Modi faces a tough task to do the best to fulfill aspirations of people and also give equal representation to alliance leaders in the new Council of Ministers which will see many new faces.

### **9. Budget 2019 to focus on reforms; top 5 expectations from Modi government by Fitch Ratings**

**Source: Financial Express ([Link](#))**

The outcome of general elections of the world’s largest democracy has ensured that Prime Minister-elect Narendra Modi will have a single party majority in the 17th Lok Sabha. With electoral politics taking a backseat, for now, the focus must shift to the economy and infrastructure building. International credit rating agency Fitch Ratings has predicted that the Lok Sabha election result 2019 may bolster “reform prospects” of the NDA government at the Centre with fiscal policy most likely to be in focus. The full-fledged Budget 2019 for fiscal year

culminating in March 2020 (FY20) is likely to be presented by July. It will be interesting to see whether PM Modi accelerates economic reforms and focuses on fiscal consolidation after “moderate fiscal slippages in recent years”, Fitch Ratings said in its report.

#### **10. MCA prepares a list of offenders to prevent them from fleeing country**

**Source: The Economic Times ([Link](#))**

Widening its probe against economic offenders, the Ministry of Corporate Affairs has prepared a list of 20 individuals and requested the Intelligence Bureau (IB) to not allow them to flee the country. The move comes in the wake of several such instances where offenders had fled the country soon after the investigation was launched. “The list was prepared in the last week of April. We have shortlisted those on our radar and against whom investigations are on,” said a government source in the know. The Serious Fraud Investigation Office is currently probing some of the high-profile cases, including financial fraud at the Infrastructure Leasing & Financial Services and the role of auditing firms in the matter.